(ii) 1.5 per cent of the bank's incremental deposits during a year as per RBI guidelines.

The aggregate of such investments in the subsidiaries and Mutual Fund (if and when set up) and portfolio investment in other companies shall not exceed 20 per cent of the bank's own paid up capital and reserves.

(m) In regard to branch opening, it shall be governed by the existing policy that banks are free to open branches at various centres including urban/metropolitan centres without the prior approval of the RBI once they satisfy the capital adequacy and prudential accounting norms. However, to avoid over-concentration of their branches in metropolitan areas and cities, a new bank will be required to open rural and semi-urban branches also, as may be laid down by RBI.

(n) Such a bank shall have to lay down its loan policy within the overall policy guidelines of RBI. While doing so, it shall specifically provide prudential norms covering related party transactions.

(o) Such a bank shall make full use of modern infrastructural facilities in office equipments, computer, telecommunications etc. In order to provide good customer service the bank should have a high powered customer grievances cell to handle customer complaints.

(p) Such other conditions as RBI may prescribe from time to time.

Laxity in the Reconciliation of Account by Banks

3789. SHRI VIREN J. SHAH :
SHRI KRISHNA KUMAR BIRLA :

Will the Minister of FINANCE be pleased to state :

(a) whether there has been widespread laxity on the part of banks in the country in the reconciliation of accounts which is proving to be a breeding ground for various kinds of malpractices in banking operations, as reported by the Central Vigilance Commission, stating the main reasons of malpractices in banking operations noticed by the Commission;

(b) what steps Government have taken or propose to take to remove the backlog in reconciliation work which is in heavy arrears in certain banks;

(c) what are the details of action Government propose to take on the remarks of CVC;

(d) the number of enquiries pending with banks against bank officers, as on 31st March, 1994 on various charges of corruption and inefficiency levelled against them; and

(e) what steps Government have taken to expedite disposal of these enquiries against officers of banks before their retirement from service ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Delay in reconciling interbranch accounts is an accounting irregularity and not a deliberate malpractices. There are several reasons for such delays including lack of computerisation at branch level, periodicity of bank audit as well as past arrears.

(b) and (c) A Working Group had been set up by the RBI to look into the system of accounting and reporting procedures which would speed up the process of reconciliation of outstanding entries.

On the recommendations of the group, a time bound programme has been prescribed for reconciliation work on interbranch account entries. It has been reported by the RBI that from 1993-94 onwards, banks will have to reconcile unadjusted entries within 6 months.

(d) The information is being collected and will be laid on the Table of the House.

(e) RBI have impressed upon the public sector banks, the need for the departmental enquiries to be finalised expeditiously, preferably within a period of 6 months.

Exemption of Excise Duty on Grey Fabrics

3790. SHRI PRAGADA KOTAIAH : Will the Minister of FINANCE be pleased to state :

(a) why there is no excise duty on grey fabrics woven in mills and on powerlooms;

(b) what are the different kinds of processing available for processing the mill and powerloom cloth and per metre rate of excise charged per each kind of processing;

(c) what was the total quantity in square metres of mill and powerloom cloth produced in 1992-93 and 1993-94;

(d) what was the total amount of excise duty collected on mill and powerloom cloth; and

(e) what is the total number of processing units and how many of them are exempted from levy of excise duty for processing of mill and powerloom textiles and on what grounds ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) There is no basic excise duty on cotton and man made fabrics at grey stage mainly because of the administrative difficulty in bringing lakhs of powerlooms under excise control.

(b) The grey fabrics woven in mills and powerlooms are subjected to various kinds of processing such as bleaching, mercerising, dyeing, printing, water proofing, shrink proofing, organdie-processing etc. At present, all processed fabrics of cotton and man made yarn are fully exempted from basic excise duty. They are however subjected to Additional Duty of Excise in lieu of Sales Tax under the Additional duties of Excise (Goods of Special Importance) Act, 1957 at different ad valorem rates depending upon the value per sq. metre of the fabric. There are no separate rates of excise duty for different kind of processing. However grey fabrics subjected to certain specified processes have been fully exempted : provided the conditions as given in Notification Nos. 238/82-CE, 294/79-CE and 28/94-CE are fulfilled.

(c) The estimated cloth produced by mill sector in 1992-93 and 1993-94 was of the order of 2000 million square metres and 1990 million square metres respectively. The estimated production of cloth in Powerloom sector for the corresponding period was of the order of 17,826 million square metres and 18,482 million square metres.

(d) No separate data are being maintained in the Ministry of Finance for the excise duty collected on mills and Powerloom cloth. The revenue collection from processed fabrics (both cotton and man-made fabrics) for 1992-93 was of the order of Rs. 865 crores.

(e) The data regarding number of processing units in the country are not being maintained in the Ministry of Finance. Moreover, in view of the full duty exemption provided under the Notification Nos. 253/82-CE, 297/79-CE and 28/94-CE, units doing such exempted processes alone do not come under excise control.

Income-tax and Excise Collections from Andhra Pradesh

3791. SHRI V. HANUMANTHA RAO : Will the Minister of FINANCE be pleased to state :

(a) whether the income-tax and excise collections from Andhra Pradesh have been showing consistent increase;

(b) what are the respective income-tax (direct taxes) and excise-tax collections, respectively from the State in 1990-91, 1991-92, 1992-93 respectively;

(c) whether States with increasing contributions to revenue will get special consideration in financial allocations; and

(d) if so the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Yes, Sir.

(b) Income tax and excise duty collections from Andhra Pradesh in these years were as under :—

(Rs. in crores)

	1990-91	1991-92	1992-93
Income tax	222.55	265.94	314.32
Excise duty	1476.95	1854.91	2245.10

(c) and (d) The distributable quantum of States' share of Income tax & Excise duties is determined in accordance with the recommendations made by the Ninth Finance Commission for the period 1990-91 to 1994-95. The percentage share of each State is also prescribed by the Commission.